

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7262

BILL NUMBER: HB 1628

NOTE PREPARED: Jan 11, 2015

BILL AMENDED:

SUBJECT: Public Safety Local Option Income Tax.

FIRST AUTHOR: Rep. Morris

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: It provides that for the first two years after a local option income tax for public safety (public safety LOIT) is adopted, a county or municipality that receives revenue from a public safety LOIT may use the public safety LOIT only to increase the total amount available for expenditure for public safety purposes. It provides that for the first two years after a public safety LOIT is adopted, the public safety LOIT may not be used to reduce or replace revenue devoted to public safety purposes from any other source of revenue.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* This bill restricts counties and municipalities receiving revenue from the public safety LOIT from using the revenue for any purpose other than increasing the amount available for public safety purposes for the two calendar years following the calendar year in which a county imposes the public safety LOIT.

Public Safety LOIT: Under current law, counties may adopt a public safety LOIT if they have also adopted either the property tax freeze LOIT or the property tax relief LOIT. The maximum income tax rate is 0.50% in Marion County and 0.25% in all other counties. As of January 1, 2015, 31 counties were imposing the

public safety LOIT with a total CY 2015 certified distribution of \$198.2M.

State Agencies Affected:

Local Agencies Affected: Counties and municipalities.

Information Sources: State Budget Agency, CY 2015 Local Option Income Tax Certified Distributions Amended November 10, 2014.

Fiscal Analyst: Heath Holloway, 232-9867.